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LOUISIANA MOTOR VEHICLE COMMISSION

OFFICE OF THE GOVERNOR

A COMPONENT UNIT OF THE

STATE OF LOUISIANA

FOR THE FISCAL YEAR

ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/20/06

ERICKSEN KRENTEL & LAPORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT

Louisiana Motor Vehicle Commission
Office of the Governor
State of Louisiana
Metairie, Louisiana

We have audited the basic financial statements of the Louisiana Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Louisiana Motor Vehicle Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Motor Vehicle Commission as of June 30, 2006, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2006, on our consideration of the Louisiana Motor Vehicle Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Louisiana Motor Vehicle Commission
Office of the Governor
August 25, 2006
Page 2

The Management's Discussion and Analysis and Budgetary Comparison Schedule, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of expressing an opinion on the basic financial statements taken as a whole. All other accompanying financial information listed as supplementary information, or other supplementary information, in the table of contents is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the financial statements of the Louisiana Motor Vehicle Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 25, 2006

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

The Management's Discussion and Analysis (MD&A) of the Louisiana Motor Vehicle Commission's business-type activity basic financial statements presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements.

The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by GASB No. 34 are divided into the following sections:

(a) Management's Discussion and Analysis
(b) Basic Financial Statements
(c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portion of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets presents information showing how the Commission's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how cash changed as a result of current year operations. The Cash Flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Statement No. 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Assets
As of June 30, 2006 and 2005

	As of 6/30/06	As of 6/30/05
Current and other assets	$ 872,157	$ 1,043,562
Capital assets	534,110	489,520
Total assets	1,406,267	1,533,082
Current liabilities	218,999	91,917
Long-term liabilities	22,789	35,452
Total liabilities	241,788	127,369
Net Assets:		
Invested in capital assets, net of debt	534,110	489,520
Restricted	-	-
Unrestricted	630,369	916,193
Total net assets	$ 1,164,479	$ 1,405,713

The Commission does not have any "restricted" net assets. It does have "unrestricted" net assets that do not have any limitations on how amounts may be spent.

Net assets of the Commission decreased by $241,234, from June 30, 2005 to June 30, 2006. The costs associated with the operation of the office increased due to the damages sustained to the office building during Hurricane Katrina. In addition, the revenues generated decreased during the year due to Hurricane Katrina.

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2006 and 2005

	As of 6/30/06	As of 6/30/05
Operating revenues	$ 1,196,036	$ 1,395,738
Operating expenses	1,508,591	1,426,823
Operating income (loss)	(312,555)	(31,085)
Non operating revenues (expenses)	71,321	25,956
Net increase (decrease) in net assets	$ (241,234)	$ (5,129)

The Commission's total revenues decreased by $199,702, or 14.3%. The revenues decreased due to the decrease in activity around the State of Louisiana and especially in southeastern Louisiana after Hurricane Katrina. The total cost of all programs and services increased by $81,768, or 5.7%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2006, the Commission had $534,110 invested in a broad range of capital assets, including furniture, office equipment, automobiles, office building and improvements, and land. This amount is net of accumulated depreciation on those assets. In addition, it represents the original cost of the capital assets, and reflects a net increase (including additions, deductions and depreciation) of $44,590 or 9.1%, over last year's net total amount. The table below lists capital assets by type, net of accumulated depreciation:

Capital Assets at Year-End
(Net of depreciation)

	As of 6/30/06	As of 6/30/05
Furniture and equipment	$ 109,424	$ 36,458
Automobiles	33,729	49,511
Buildings and improvements	293,757	306,351
Land	97,200	97,200
Total	$ 534,110	$ 489,520

Debt:

The Commission had no debt outstanding at year-end. However, the Commission had long-term liabilities totaling $22,789 all of which was accrued annual leave outstanding at year-end. This is a decrease of $12,663 or 35.7% from prior year figures. Accrued annual leave – non-current decreased due to an increase in the current accrued annual leave estimate.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Please see the Schedule of Comparison Figures found later on in the audit report for the original and final budget amount comparisons. Many of the variations resulted from the impacts of Hurricane Katrina.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Commission's appointed officials considered the following factors and indicators when setting up next year's budget, rates and fees. These factors and indicators include: (1) increased litigation costs due to an increase in vehicle manufacturer and dealer disputes as well as hearings on other violations by the industry; (2) additional personnel and related costs due to the growth of our industry.

CONTACTING THE COMMISSION'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's finances, and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Louisiana Motor Vehicle Commission at 3519 12th Street in Metairie, Louisiana 70002 or call them at 504-838-5207.

BASIC FINANCIAL STATEMENTS

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS

Cash and cash equivalents	$	847,846
Insurance receivables		24,311
Capital assets, net of accumulated depreciation		534,110
Total assets		1,406,267

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable		40,485
Unearned collections		131,441
Payroll liabilities		22,865
Accrued annual leave:		
Current		24,208
Non-current		22,789
Total liabilities		241,788
NET ASSETS:		
Investment in capital assets		534,110
Unrestricted		630,369
Total net assets	$	1,164,479

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "B"

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

OPERATING REVENUES:		
Licenses, permits and fees	$	1,151,429
Fines and penalties		44,225
Miscellaneous income		382
Total operating revenues		1,196,036
OPERATING EXPENSES:		
Salaries and related benefits		906,637
Professional services		279,786
Operating services		128,423
Materials and supplies		86,513
Travel and other charges		55,434
Depreciation		51,798
Total operating expenses		1,508,591
Operating (loss)		(312,555)
NON-OPERATING REVENUES:		
Interest income		36,697
Gain on disposition of capital assets		34,624
Total non-operating revenues		71,321
Change in net assets		(241,234)
Net assets at beginning of year		1,405,713
Net assets at end of year	$	1,164,479

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "C"

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:		
Cash received from license fees, permits and fines	$	1,327,094
Cash payments for salaries and related benefits		(903,213)
Cash payments to suppliers for goods and services		(594,913)
Other operating revenue		382
Net cash (used for) operating activities		(170,650)
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital expenditures		(106,131)
Proceeds from the sale of capital assets		44,368
Net cash (used for) capital and related financing activities		(61,763)
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:		
Interest on investments		36,697
Net cash from investing activities		36,697
Net (decrease) in cash and cash equivalents		(195,716)
Cash and cash equivalents at beginning of year		1,043,562
Cash and cash equivalents at end of year	$	847,846
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES:		
Operating (loss)	$	(312,555)
Adjustments to reconcile operating income to net cash:		
Depreciation		51,798
Changes in assets and liabilities:		
(Increase) decrease:		
Insurance receivables		(24,311)
Increase (decrease):		
Accounts payable		(20,447)
Unearned collections		131,441
Payroll liabilities		3,424
Net cash (used for) operating activities	$	(170,650)

See accompanying NOTES TO FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Louisiana Motor Vehicle Commission (the Commission) is a component unit of the State of Louisiana created within the Office of the Governor, as provided by Louisiana Revised Statutes 32:1251 et seq. and 6:969.1 et seq. The Commission is currently composed of 15 members, who are appointed by and serve at the pleasure of the Governor. The Commission is charged with the responsibility of regulating all areas of the new car industry, including motor vehicle sales finance companies, operating in Louisiana. Operations of the Commission are funded with license fees, fines and interest earnings.

Basis of Presentation

The accompanying financial statements of the Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. Application of GAAP often requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The State of Louisiana and its components have adopted the provisions of GASB Statement No. 34, Statement No. 37 and Interpretation No. 6 effective July 1, 2001. This statement calls for significant changes to a governmental entity's financial presentation format, including the requirement for management's discussion and analysis and presentation of "government-wide" financial statements (statement of net assets and statement of activities) on a full accrual basis of accounting.

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting, therefore, revenues, including license fees, interest and other revenues of the Commission, are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The State of Louisiana is the governing authority and the governmental financial reporting entity for the Louisiana Motor Vehicle Commission. The financial reporting entity consists of (a) the primary government (State of Louisiana), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and

    a. the ability of the State of Louisiana to impose its will on that organization, and/or,

    b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State of Louisiana.

2. Organizations for which the State of Louisiana does not appoint a voting majority, but are fiscally dependent on the State of Louisiana.

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the state has the ability to significantly influence the designation of management by the Governor appointing the Commissioners, and public service is rendered within the state's boundaries. The accompanying financial statements represent activity of the Louisiana Motor Vehicle Commission, and, therefore, are a part of the fund and account group structure of the State of Louisiana and its basic financial statements.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Office furniture and equipment	5 years
Automobiles	5 years
Office building and improvements	40 years

Annual and Sick Leave

Employees earn vacation and sick leave at rates established by the Louisiana Department of Civil Service. The rate varies from twelve days of vacation time and twelve days of sick leave per year for new employees and up to twenty-four days of each for employees with over fifteen years of service. Employees can carry over unused vacation and sick leave time indefinitely. Upon termination of employment, the Commission is obligated to pay employees at their current hourly rate for all unused vacation time up to 300 hours. Upon retirement, any unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

At June 30, 2006, employees of the Commission had accumulated and vested $46,997 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The amount is recorded as a long-term liability on the Statement of Net Assets with a current portion established for estimated usage within one year. The cost of leave privileges are recognized as a current year expenditure when leave is earned.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalent.

Risk Management

The Commission pays insurance premiums to the State of Louisiana, Office of Risk Management to cover risks that may occur in normal operations. The State pays premiums to the state's self-insurance program and to various insurance agencies for stop-loss coverage.

Encumbrances

Encumbrances are not recorded, and therefore, no reservation of net assets is necessary.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) BUDGETARY ACCOUNTING

The Commission adopts a budget each fiscal year. The budget is submitted to the Legislative Auditor and other legislative offices in compliance with LSA-R.S. 39:1331-1342. The original budget for the fiscal year 2004-2005 was adopted on December 13, 2004, and was prepared and reported using the same accounting procedures and practices that are used in preparing the annual financial statements. The Commission reserves all authority to make changes to the budget. Budgeted amounts in the accompanying financial statements include the original budget and all subsequent amendments. Appropriations lapse at year-end.

(3) DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include cash reported on the balance sheet. Under state law, the Commission may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Commission may invest in time certificates of deposit of state banks organized under laws of the State of Louisiana, the laws of any other state of the union, or the laws of the United States. Louisiana statutes permit the Commission to invest in Unites States bonds, treasury notes, certificates, or other obligations and agencies of the U.S. Government which are federally insured, and certificates of deposit of states banks organized under the laws of Louisiana and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

(3) DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

The carrying amount of all cash on the Statement of Net Assets totaled $847,846 at June 30, 2006, with petty cash of $100 included in that figure. The bank balance per the bank statement totaled $860,004. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of June 30, 2006, $760,004 of the Commission's bank balance of $860,004 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in Commission's name	$ 760,004

(4) CAPITAL ASSETS

The capital assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the Statement of Net Assets of the Commission and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the Commission is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets. A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

Capital Assets:

	Balance 7/1/05	Additions	Deletions	Balance 6/30/06
Furniture and equipment	$ 359,069	$ 106,131	$ (138,573)	$ 326,627
Automobiles	92,967	-	(14,058)	78,909
Buildings and improvements	392,935	-	-	392,935
Land	97,200	-	-	97,200
Total	$ 942,171	$ 106,131	$ (152,631)	$ 895,671
Accumulated Depreciation:				
Furniture and equipment	$ 322,611	$ 23,422	$ (128,830)	$ 217,203
Automobiles	43,456	15,782	(14,058)	45,180
Buildings and improvements	86,584	12,594	-	99,178
Total	$ 452,651	$ 51,798	$ (142,888)	$ 361,561

(5) RETIREMENT SYSTEM

Substantially all employees of the Commission are members of the Louisiana State Employees Retirement System (LASERS), cost-sharing, multiple-employer, defined benefit pension plan administered and controlled by a separate board of trustees. LASERS is a statewide public employee retirement system which provides retirement, disability and survivors' benefits to plan members (state employees) and beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in LASERS, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature.

LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the retirement system. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

The contribution requirements of plan members and the Commission are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate to equal the actuarially required employer contribution as set forth in Louisiana Revised Statute 11:102.

Funding Policy

Employees are required by state statute to contribute 7.5% of their annual covered salaries, and the Commission is required to make employer contributions based on an actuarially determined rate. The current employer rate is 19.1% of annual covered payroll. The Commission's employer contributions to the System for the years ended June 30, 2006, 2005 and 2004 were $62,565, $55,356 and $55,152, respectively, and these amounts equaled the required contributions for those years.

(6) POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Commission provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Commission's employees become eligible for these benefits if they reach normal retirement age while working for the Commission. These benefits for retirees and similar benefits for active employees are provided through the Louisiana State Employee Group Benefits Insurance Program, whose monthly premiums are paid jointly by the employee and by the Commission. The Commission recognizes the cost of the employers portion of the insurance premiums of retirees as an expenditure when the monthly premiums are paid during the year (on a pay-as-you-go basis). For the year ended June 30, 2006, the Commission's cost of benefits paid for four retirees in the program totaled $27,009.

(7) LONG-TERM LIABILITIES

The only long-term liabilities during the fiscal year were for accrued annual leave. The following is a summary of the accrued annual leave liability changes during the year:

Accrued annual leave at July 1, 2005	$ 46,997
Increase	35,851
Decrease	(35,851)
Accrued annual leave at June 30, 2006	46,997
Amount estimated to be used within one year	(24,208)
Long-term portion	$ 22,789

Many of the Commission's employees have accumulated annual leave in excess of 300 hour maximum referred to earlier. Therefore, any increases in accrued annual leave arise primarily from annual increases in hourly wage rates applied to the hours accumulated.

(8) LITIGATION AND CLAIMS

According to the Commission's legal counsel, there is no litigation pending, or claim, against the Commission which has the probability of a material adverse affect on the Commission's statement of net assets as of June 30, 2006.

(9) DEFERRED COMPENSATION

Substantially all employees of the Louisiana Motor Vehicle Commission participate in the Louisiana Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code 457.

Funding Policy

Insofar as budgetary constraints permit, the Commission will contribute 25% of each permanent employee's taxable income, up to the maximum prescribed by law, into the State of Louisiana Deferred Compensation Fund. For the year ended June 30, 2006, the Commission's cost of benefits paid for employees in the program totaled $123,879.

Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$ 1,400,000	$ 1,400,000	$ 1,151,429	$ (248,571)
Fines and penalties	45,000	45,000	44,225	(775)
Interest income	14,000	14,000	36,697	22,697
Other revenue	1,000	1,000	35,006	34,006
Total revenues	1,460,000	1,460,000	1,267,357	(192,643)
EXPENDITURES:				
Salaries and related benefits	885,000	885,000	906,637	(21,637)
Professional services	242,500	242,500	279,786	(37,286)
Operating services	121,000	121,000	128,423	(7,423)
Materials and supplies	40,000	40,000	86,513	(46,513)
Travel and other charges	91,000	91,000	55,434	35,566
Depreciation	56,000	56,000	51,798	4,202
Total expenditures	1,435,500	1,435,500	1,508,591	(73,091)
Net change in fund balance	24,500	24,500	(241,234)	(265,734)
Unreserved fund balance	1,405,713	1,405,713	1,405,713	-
Fund balance at end of year	$ 1,430,213	$ 1,430,213	$ 1,164,479	$ (265,734)

See Auditors' Report

SUPPLEMENTARY INFORMATION SCHEDULES

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO COMMISSIONERS
FOR THE YEAR ENDED JUNE 30, 2006

	Meetings Attended	Per Diem
Jacob Drago	23	$ 1,150
David M. Mann	18	900
C. Robert Bohn, Jr.	17	850
Calvin W. Braxton	16	800
Jacqueline L. Edgar	16	800
Ted S .Atterbery, Jr.	16	800
Alexis D. Hocevar	14	700
Gerald R. Lane	12	600
V. Price LeBlanc, Jr.	12	600
Marshall Hebert	10	500
Cloid White	10	500
Arthur W. Tait	8	400
Yolanda Batiste	3	150
Ralph E. Pool	3	150
Tina Nuzzo	2	100
John E. Brignac, Jr.	1	50
	181	$ 9,050

The schedule of per diem paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Commissioners are paid $50 for each Commission meeting they attend, as authorized by LSA-R.S. 32:1253.

Schedule "3"

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
SCHEDULE OF COMPARISON FIGURES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005	Difference	Percentage Change
1) Revenues	$ 1,267,357	$ 1,421,694	$ (154,337)	10.9 %
Expenses	1,508,591	1,426,823	81,768	5.7 %

Revenues decreased due to the decrease in activity around the State of Louisiana and especially in southeastern Louisiana after Hurricane Katrina.

	2006	2005	Difference	Percentage Change
2) Capital assets	$ 534,110	$ 489,520	$ 44,590	9.1 %
Long-term debt	22,789	35,452	(12,663)	(35.7) %
Net assets	1,164,479	1,405,713	(241,234)	(17.1) %

Long-term debt decreased due to a change in the estimate of the current portion payable of accrued annual leave. Net assets decreased because of the decrease in revenues and the increase in cost of operations related to Hurricane Katrina.

	2006 Original Budget	2006 Final Budget	Difference	Percentage Change
3) Revenues	$ 1,460,000	$ 1,460,000	-	0.0 %
Expenditures	1,435,500	1,435,500	-	0.0 %

None of the differences resulted in a 10% or larger change.

	2006 Final Budget	2006 Actual Amount	Difference	Percentage Change
Revenues	$ 1,460,000	$ 1,267,357	$ (192,643)	(13.2) %
Expenditures	1,435,500	1,508,591	73,091	5.1 %

The actual amounts differed from the final budget because a budget amendment was not adopted when there was a change in operations after Hurricane Katrina.

LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

We have audited the financial statements of Louisiana Motor Vehicle Commission as of and for the year ended June 30, 2006, and have issued our report thereon dated August 25, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses ____ Yes __X__ No
Reportable Conditions ____ Yes __X__ No

Compliance
Compliance Material to Financial Statements _X_ Yes ___ No

b. Federal Awards **Not Applicable**

Internal Control
Material Weaknesses ___ Yes ___ No
Reportable Conditions ___ Yes ___ No

Type of Opinion on Compliance Unqualified ___ Qualified ___
for Major Programs Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

___ Yes ___ No

c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish Type A and Type B Programs $______________

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ___Yes ___No

Not Applicable

SECTION II FINANCIAL STATEMENT FINDINGS

2006-1 Budget Amendments

Criteria: Louisiana RS 39:1310 states that when there has been a change in operations upon which the original adopted budget was developed, a budget amendment shall be adopted to reflect such change.

Condition: During the year, there was a change in operations after Hurricane Katrina for which no budget amendment was made.

Effect: Revenues and expenditure variances exceeded those permitted by Louisiana law. Louisiana Motor Vehicle Commission was not in compliance with 39:1310.

Cause: The office building in Metairie, Louisiana in which the Louisiana Motor Vehicle Commission conducts all of its operations was damaged during Hurricane Katrina. Therefore, the daily operations of Louisiana Motor Vehicle Commission had to be temporarily moved to Lafayette, Louisiana. These issues became a priority for Management and adopting an amendment to the budget was overlooked.

Recommendation: Management should adopt a budget amendment to reflect any changes in operations upon which the original budget was developed.

Management's Response: Management agrees with the recommendation, and will comply immediately.

State of Louisiana
LOUISIANA MOTOR VEHICLE COMMISSION

Kathleen Babineaux Blanco
Governor

Lessie A. House
Executive Director

**CORRECTIVE ACTION PLAN RELATIVE TO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

August 25, 2006

Louisiana Motor Vehicle Commission respectfully submits the following corrective action plan for the year ended June 30, 2006.

Name and address of independent public accounting firm:

> Ericksen, Krentel & LaPorte, L.L.P.
> 4227 Canal Street
> New Orleans, Louisiana 70119
> Contact: Ronald H. Dawson, Jr.

Audit Period: 07/01/05 to 06/30/06

The findings from the June 30, 2006 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule. Section I of the schedule, Summary of Audit Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

COMPLIANCE

2006-1 Budget Amendments

Recommendation: Management should adopt a budget amendment to reflect any changes in operations upon which the original budget was developed.

Management's Response: Management agrees with the recommendation, and will comply immediately.

3519 12TH STREET, METAIRIE, LOUISIANA 70002 • (504) 838-5207 • (504) 838-5416
WWW.LMVC.STATE.LA.US

If there are any questions regarding this plan, please call Lessie House at (504) 838-5207.

Sincerely,

L A House

Signature

Executive Director

Title

LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2005-1 Annual Leave

An employee was given terminal pay for 1,142.35 hours of annual leave.

Management developed a policy and procedures manual based on state law to ensure that no employee was given terminal pay for over 300 hours of annual leave.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not Applicable

SECTION III MANAGEMENT LETTER

Not Applicable

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
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JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
KENNETH J. ABNEY*
W. ERIC POWERS

*PROFESSIONAL CORPORATION
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Louisiana Motor Vehicle Commission
Office of the Governor
State of Louisiana
Metairie, Louisiana

We have audited the basic financial statements of Louisiana Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Motor Vehicle Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Motor Vehicle Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2006-1.

ERICKSEN KRENTEL & LAPORTE L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Louisiana Motor Vehicle Commission
Office of the Governor
State of Louisiana
August 25, 2006

This report is intended solely for the information and use of management and State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 25, 2006

Ericksen Krentel & LaPorte

Certified Public Accountants

**OTHER SUPPLEMENTARY INFORMATION
REQUIRED BY LOUISIANA LAW**

LOUISIANA MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

CONTENTS

Appendix

A Instructions for the Simplified Statement of Activities
B Information for Note C - Deposits with Financial Institutions and Investments
C Information for Note BB – Net assets Restricted by Enabling Legislation
D Information for Note CC – Impairment of Capital Assets

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2006

Louisiana Motor Vehicle Commission
(Agency Name)

Division of Administration
Office of Statewide Reporting
And Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, L. A. House (Name) Executive Director (Title) of Louisiana Motor Vehicle Commission (Agency) who duly sworn, deposes and says that the financial statement herewith given presents fairly the financial position of Louisiana Motor Vehicle Commission and the Motor Vehicle Sales Finance Division (Agency) at 6/30/06 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Account Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 25th day of August, 20 06.

Signature of Agency Official

Notary Public

Prepared by: Ing-Ya Cattle
Title: Executive Assistant
Telephone No.: (504) 838-5207
Date: August 25, 2006

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
BALANCE SHEET
AS OF JUNE 30, 2006

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	847,846
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		24,311
Total current assets		872,157
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		97,200
Buildings and improvements		293,757
Machinery and equipment		143,153
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		534,110
Total assets	$	1,406,267
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	63,350
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		131,441
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		24,208
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		218,999
NON-CURRENT LIABILITIES:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		22,789
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		22,789
Total liabilities		241,788
NET ASSETS		
Invested in capital assets, net of related debt		534,110
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		630,369
Total net assets		1,164,479
Total liabilities and net assets	$	1,406,267

The accompanying notes are an integral part of this financial statement.

Statement A

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

OPERATING REVENUES	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	1,195,654
Other	382
Total operating revenues	1,196,036
OPERATING EXPENSES	
Cost of sales and services	1,456,793
Administrative	
Depreciation	51,798
Amortization	
Total operating expenses	1,508,591
Operating income(loss)	(312,555)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	
Gain on disposal of fixed assets	34,624
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	36,697
Other expense	
Total non-operating revenues(expenses)	71,321
Income(loss) before contributions, extraordinary items & transfers	(241,234)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(241,234)
Total net assets – beginning	1,405,713
Total net assets – ending	$ 1,164,479

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

See Appendix A for instructions

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
TA	$ 1,508,591	$ 1,196,036	$	$	$ (312,555)

General revenues:	
Taxes	
State appropriations	
Grants and contributions not restricted to specific programs	
Interest	36,697
Miscellaneous	34,624
Special items	
Extraordinary Item - Loss on Impairment of Capital Assets	
Transfers	
Total general revenues, special items, extraordinary losses, and transfers	71,321
Change in net assets	(241,234)
Net assets - beginning	1,405,713
Net assets - ending	$ 1,164,479

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cash flows from operating activities		
Cash received from customers	$ 1,327,094	
Cash payments to suppliers for goods and services	(903,213)	
Cash payments to employees for services	(594,913)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	382	
Net cash provided(used) by operating activities		$ (170,650)
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers In		
Transfers Out		
Other		
Net cash provided(used) by non-capital financing activities		-
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(106,131)	
Proceeds from sale of capital assets	44,368	
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(61,763)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	36,697	
Net cash provided(used) by investing activities		36,697
Net increase(decrease) in cash and cash equivalents		(195,716)
Cash and cash equivalents at beginning of year		1,043,562
Cash and cash equivalents at end of year		$ 847,846

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ (312,555)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	51,798	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets	(24,311)	
Increase(decrease) in accounts payable and accruals	(20,447)	
Increase(decrease) in accrued payroll and related benefits	3,424	
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities	131,441	
Net cash provided(used) by operating activities		$ (170,650)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	$
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ -

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2006

INTRODUCTION

The Louisiana Motor Vehicle Commission was created by the Louisiana State Legislature under the provisions of Louisiana Revised 32:1251 et seq. and 6:969.1 et seq. The following is a brief description of the operations of Louisiana Motor Vehicle Commission which includes the parish/parishes in which the Louisiana Motor Vehicle Commission is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Motor Vehicle Commission present information only as to the transactions of the programs of the Louisiana Motor Vehicle Commission as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Motor Vehicle Commission are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Motor Vehicle Commission are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

		APPROPRIATIONS
Original approved budget	$	1,435,500
Amendments:		
Final approved budget	$	1,435,500

C. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Motor Vehicle Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2006

	Cash	Certificates of Deposit	Petty Cash	Total
Deposits in Bank Accounts Per Balance Sheet	$ 847,746	$	$ 100	$ 847,846
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	760,004			760,004
Total Bank Balances - All Deposits	$ 860,004	$	$	$ 860,004

NOTE: The "Total Bank Balances – All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

	Banking Institution	Program	Amount
1.	JPMorgan Chase Bank	Operating	$ 860,004
2.			
3.			
4.			
Total			$ 860,004

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	$
Petty cash	$ 100

2. INVESTMENTS – **NOT APPLICABLE**

The ______________________ (BTA) does (does not) maintain investment accounts as authorized by______________ (Note legal provisions authorizing investments by (BTA)).

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity, and are held either by the counterparty, or the counterparty's trust department or agent but not in the entity's name.

Beginning with FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are exposed to custodial credit risk. The total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount	Fair Value
Repurchase agreements	$	$	$	$
U.S. Government securities				
U.S. Agency Obligations				
Common & preferred stock				
Commercial paper				
Corporate bonds				
Other: (identify)				
Total investments	$ -	$ -	$ -	$ -

*unregistered - not registered in the name of the government or entity

3. Derivatives

The institution does/does not (circle one) invest in **derivatives** as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:
credit risk______________________________
market risk______________________________
legal risk______________________________

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. *All debt investments regardless of type can be aggregated by credit quality rating* (if any are un-rated, disclose that amount).

Rating	Fair Value
	$
Total	$ -

B. Interest rate Risk

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

		Investment Maturities (in Years)			
Type of Debt Investment	Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	$	$	$	$	$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	$ -	$ -	$ -	$ -	$ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

Debt Investment	Fair Value	Terms
	$	
Total	$ -	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer (not including U.S. government securities, mutual funds, and investment pools) that represents 5% or more of total investments.

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2006

Issuer	Amount	% of Total Investments
	$	
Total	$ -	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
	$	$
Total	$ -	$ -

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

6. Other Disclosures Required for Investments

a. Investments in pools managed by other governments or mutual funds____________.

b. Securities underlying reverse repurchase agreements____________.

c. Unrealized investment losses ____________.

d. Commitments as of __________(fiscal close), to resell securities under yield maintenance repurchase agreements:
   1. Carrying amount and market value at June 30 of securities to be resold ____________
   2. Description of the terms of the agreement ____________

e. Losses during the year due to default by counterparties to deposit or investment transactions ____

f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet____

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements ____

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year ____

Reverse Repurchase Agreements at Year-End

i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest____

j. Commitments on ____(fiscal close) to repurchase securities under yield maintenance agreements____

k. Market value on ____ (fiscal close) of the securities to be repurchased ____

l. Description of the terms of the agreements to repurchase ____

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements ____

n. Amounts recovered from prior-period losses which are not separately shown on the operating statement____

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices ____

p. Basis for determining which investments, if any, are reported at amortized cost ____

q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool ____

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ____

s. Any involuntary participation in an external investment pool ____

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate ___ ____________

u. Any income from investments associated with one fund that is assigned to another fund__________

D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2006						
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 6/30/2005	Additions	Transfers*	Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	$ 97,200	$	$ 97,200	$	$	$	$ 97,200
Non-depreciable land improvements			–				–
Capitalized collections			–				–
Construction in progress			–				–
Total capital assets not being depreciated	$ 97,200	$ –	$ 97,200	$ –	$ –	$ –	$ 97,200
Other capital assets							
Furniture, fixtures, and equipment	$ 452,036	$	$ 452,036	$ 106,131	$	$ (152,631)	$ 405,536
Less accumulated depreciation	(366,067)		(366,067)	(39,204)		142,888	(262,383)
Total furniture, fixtures, and equipment	85,969	–	85,969	66,927	–	(9,743)	143,153
Buildings and improvements	392,935		392,935				392,935
Less accumulated depreciation	(86,584)		(86,584)	(12,594)			(99,178)
Total buildings and improvements	306,351	–	306,351	(12,594)	–	–	293,757
Depreciable land improvements			–				–
Less accumulated depreciation			–				–
Total depreciable land improvements	–	–	–	–	–	–	–
Infrastructure			–				–
Less accumulated depreciation			–				–
Total infrastructure	–	–	–	–	–	–	–
Total other capital assets	$ 392,320	$ –	$ 392,320	$ 54,333	$ –	$ (9,743)	$ 436,910
Capital Asset Summary:							
Capital assets not being depreciated	$ 97,200	$ –	$ 97,200	$ –	$ –	$ –	$ 97,200
Other capital assets, at cost	844,971	–	844,971	106,131	–	(152,631)	798,471
Total cost of capital assets	942,171	–	942,171	106,131	–	(152,631)	895,671
Less accumulated depreciation	(452,651)	–	(452,651)	(51,798)	–	142,888	(361,561)
Capital assets, net	$ 489,520	$ –	$ 489,520	$ 54,333	$ –	$ (9,743)	$ 534,110

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES – NOT APPLICABLE

The unit's inventories are valued at ________________________ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: Do not include postage. This must be shown as a prepayment.**

F. RESTRICTED ASSETS – NOT APPLICABLE

Restricted assets in the ______________ (BTA) at ________________(fiscal year end), reflected at $___________ in the non-current assets section on Statement A, consist of $___________ in cash with fiscal agent, $___________ in receivables, and $___________ investment in ____ (identify the type of investments held.) State the purpose of the restriction:____
____.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Motor Vehicle Commission has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE – NOT APPLICABLE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at _____________(fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $______. The leave payable (is) (is not) recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana Motor Vehicle Commission are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana Motor Vehicle Commission employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after 7/1/2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, within qualifications and amounts define by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For the full description of the LASERS defined benefit plan, please refer to LASERS 2005 Financial Statements, specifically footnotes A- Plan Description and C-Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports 05.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Louisiana Motor Vehicle Commission is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2006, decreased/increased to 19.1% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2005 and 2004, respectively. The Louisiana Motor Vehicle Commissions contributions to the System for the years ending June 30, 2006, 2005, and 2004, were $62,565, $55,356, and $55,152, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

The Louisiana Motor Vehicle Commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Louisiana Motor Vehicle Commission employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the Louisiana Motor Vehicle Commission. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Louisiana Motor Vehicle Commission. For 2006, the cost of providing those benefits for the four retirees totaled $27,009.

J. LEASES – NOT APPLICABLE

1. OPERATING LEASES – NOT APPLICABLE

The total payments for operating leases during fiscal year _______ amounted to $________. (Note: If lease payments extend past FY2021, please create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012-2016	FY2017-2021
	$	$	$	$	$	$	$
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2. CAPITAL LEASES – NOT APPLICABLE

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (l) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/06. In Schedule B, report only those new leases entered into during fiscal year 2005-2006.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	Total
2007	$
2008	
2009	
2010	
2011	
2012-2016	
2017-2021	
2022-2026	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	Total
2007	$
2008	
2009	
2010	
2011	
2012-2016	
2017-2021	
2022-2026	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE C – LEAF CAPITAL LEASES

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	Total
2007	$
2008	
2009	
2010	
2011	
2012-2016	
2017-2021	
2022-2026	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

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3. LESSOR DIRECT FINANCING LEASES – **NOT APPLICABLE**

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining Interest to end of lease	Remaining Principal to end of lease
a. Office space	$	$	$	$
b. Equipment				
c. Land				
Less amounts representing executory costs				
Minimum lease payment receivable		-		
Less allowance for doubtful accounts				
Net minimum lease payments receivable		-		
Less: Estimated Residual Value of Leased Property				
Less unearned income				
Net investment in direct financing lease		$ -		

Minimum lease payments receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2006 were $_________ for office space, $_________ for equipment, and $_________ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of ___________ (the last day of your fiscal year): (Note: If lease receivables extend past FY2026, please create additional rows and report these future minimum lease payment receivables in five year increments.)

Year ending ______________:	
2007	$
2008	
2009	
2010	
2011	
2012-2016	
2017-2021	
2022-2026	
Total	$ -

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _________ 20___:

	Cost	Accumulated depreciation	Carrying amount
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _________ (the last day of your fiscal year): (Note: If lease receivables extend past FY2026, please create additional columns and report these future minimum lease payment receivables in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2007	$	$	$	$	$ -
2008					-
2009					-
2010					-
2011					-
2012-2016					-
2017-2021					-
2022-2026					-
Total	$ -	$ -	$ -	$ -	$ -

Current year lease revenues received in fiscal year _________ totaled $_____________.

Contingent rentals received from operating leases received for your fiscal year was $______________ for office space, $____________for equipment, and $_____________for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2006:

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	Balance June 30, 2005	Year ended June 30, 2006 Additions	Reductions	Balance June 30, 2006	Amounts due within one year
Bonds and notes payable:					
Notes payable	$	$	$	$ –	$
Reimbursement contracts payable				–	
Bonds payable				–	
Total notes and bonds	–	–	–	–	–
Other liabilities:					
Contracts payable				–	
Compensated absences payable	46,997	35,851	35,851	46,997	24,208
Capital lease obligations				–	
Claims and litigation				–	
Liabilities payable from restricted assets				–	
Other long-term liabilities				–	
Total other liabilities	46,997	35,851	35,851	46,997	24,208
Total long-term liabilities	$ 46,997	$ 35,851	$ 35,851	$ 46,997	$ 24,208

L. CONTINGENT LIABILITIES – NOT APPLICABLE

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. Do not report impaired capital assets below as defined by GASB 42, rather disclose impaired capital assets in Note CC. Losses or pending litigation that is probable should be reflected on the balance sheet.

The ___________(BTA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (remote, reasonably possible or probable)	*Damages Claimed	Insurance Coverage
		$	$
Totals		$	$

*Note: Liability for claims and judgments should include should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

Claims and litigation costs of $_________ (include incremental costs discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated.

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee.

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions. ______

N. ACCOUNTING CHANGES – NOT APPLICABLE

Accounting changes made during the year involved a change in accounting ______ (principle, *estimate, or entity). The effect of the change is being shown in ______.*

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

(List all in-kind contributions that are not included in the accompanying financial statements.)

In-Kind Contributions	Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor
	$
Total	$ -

P. DEFEASED ISSUES – NOT APPLICABLE

In ______, 20____, the ______(BTA), issued $______ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of ______ bonds. In order to refund the bonds, portions of the proceeds of the new issue $______, plus an additional $______of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated ______________,_____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost $ ________________ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt of $________________.

Q. COOPERATIVE ENDEAVORS – NOT APPLICABLE

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2006, by funding source, is as follows:

Funding Source	Balance June 30, 2006
State General Fund	$ ________
Self-generated revenue	________
Statutorily dedicated revenue	________
General obligation bonds	________
Federal funds	________
Interagency transfers	________
Other funds/combination	________
Total	$ ________

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R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			$
Total government-mandated nonexchange transactions (grants)			$ -

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS - NOT APPLICABLE

At June 30, 20__, the ________________ (BTA) was not in compliance with the provisions of ________________ Bond Reserve Covenant that requires ________________. The ________________ (BTA) did ________________ to correct this deficiency.

T. SHORT-TERM DEBT- NOT APPLICABLE

The________________(BTA) issues short-term notes for the following purposes:
____
________________.

Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of S-T debt (e.g., tax anticipation notes):	Beginning Balance	Issued	Redeemed	Ending Balance
________	$	$	$	$ -

The ________________(BTA) uses a revolving line of credit for the following purposes:________________
________________. Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	$	$	$	$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES – NOT APPLICABLE

Receivables at June 30, 20__, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	$	$	$	$	$ -
					-
Gross receivables	$ -	$ -	$ -	$ -	$ -
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	$ -	$ -	$ -	$ -	$ -
Amounts not scheduled for collection during the subsequent year	$	$	$	$	$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	$ 40,485	$ 22,865	$	$	$ 63,350
					-
Total payables	$ 40,485	$ 22,865	$ -	$ -	$ 63,350

W. SUBSEQUENT EVENTS – NOT APPLICABLE

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

X. SEGMENT INFORMATION – NOT APPLICABLE

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. *For the purposes of this disclosure, a segment is an identifiable activity (or group of* activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment ______________________.

A. Condensed Balance Sheet:

(1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.

(2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.

(3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance Sheet:

	Segment #1	Segment #2
Current assets	$ ________	$ ________
Due from other funds	________	________
Capital assets	________	________
Other assets	________	________
Current liabilities	________	________
Due to other funds	________	________
Long-term liabilities	________	________
Restricted net assets	________	________
Unrestricted net assets	________	________
Invested in capital assets, net of related debt	________	________

B. Condensed statement of revenues, expenses, and changes in net assets:

(1) Operating revenues (by major source).
(2) Operating expenses. Depreciation (including any amortization) should be identified separately.
(3) Operating income (loss).
(4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
(5) Capital contributions and additions to permanent and term endowments.
(6) Special and extraordinary items.
(7) Transfers
(8) Change in net assets.
(9) Beginning net assets.
(10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	Segment #1	Segment #2
Operating revenues	$	$
Operating expenses		
Depreciation and amortization		
Operating income (loss)	-	-
Nonoperating revenues (expenses)		
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	-	-
Beginning net assets		
Ending net assets	-	-

C. Condensed statement of cash flows:
   (1) Net cash provided (used) by:
      (a) Operating activities
      (b) Noncapital financing activities
      (c) Capital and related financing activities
      (d) Investing activities
   (2) Beginning cash and cash equivalent balances
   (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	Segment #1	Segment #2
Net cash provided (used) by operating activities	$	$
Net cash provided (used) by noncapital financing activities		
Net cash provided (used) by capital and related financing activities		
Net cash provided (used) by investing activities		
Beginning cash and cash equivalent balances		
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
		$
Total due from other funds		$

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
		$

Total due to other funds		$

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers from other funds		$

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers to other funds		$

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

Liabilities payable from restricted assets in the ______________(BTA) at__________(fiscal year end), reflected at $______________in the current liabilities section on Statement A, consist of $___________ in accounts payable, $______________ in notes payable, and $________________ in ____________________.

Liabilities payable from restricted assets in the ______________(BTA) at__________(fiscal year end), reflected at $______________in the non-current liabilities section on Statement A, consist of $__________in accounts payable, $___________ in notes payable, and $_____________ in ____________________.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending Net Assets July 1, 2005, previously reported	Adjustments + or (-)	Beginning net assets, July 1, 2005, As restated
$	$	$ --
		--
		--
		--
		--
		--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) – NOT APPLICABLE

Of the total net assets reported on Statement A June 30, 20__, $__________ are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to the instructions Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46.

CC. IMPAIRMENT OF CAPITAL ASSETS – NOT APPLICABLE

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset.

The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

Type of asset	Amount of Impairment loss before Insurance Recovery	Insurance Recovery in the same FY	Indication of Impairment	Reason for Impairment (e.g. hurricane)
Buildings				
Movable Property				
Infrastructure				

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

Type of asset	Carrying Value
Buildings	$
Movable Property	$
Infrastructure	$

DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Year the state becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for _____ (number of) voluntary terminations totaled $_________. For 2006, the cost of providing those benefits for _____ (number of) involuntary terminations totaled $_________.
[The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is $_________. This liability consists of _________ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, ______ is $_________. This liability consists of _________ (number of) involuntary terminations.
[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2006

Name		Amount
Jacob Drago	$	1,150
David M. Mann		900
Robert C. Bohn, Jr.		850
Calvin W. Braxton, Sr.		800
Ted S. Atterbery, Jr.		800
Jacqueline L.Edgar		800
Alexis D.Hocevar		700
Gerald R. Lane		600
V. Price LeBlanc, Jr.		600
Marshall Hebert		500
Cloid White		500
Arthur W. Tait		400
Yolande J. Batiste		150
Relph E. Pool		150
Tina Nuzzo		100
John E. Brignac		50
	$	9,050

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
JUNE 30, 2006

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2006

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2007	$	$
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
Total	$ -	$ -

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2007	$	$	$	$ --
2008				--
2009				--
2010				--
2011				--
2012-2016				--
2017-2021				--
2022-2026				--
2027-2031				--
Total	$ --	$ --	$ --	$ --

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2007	$	$
2008		
2009		
2010		
2011		
2012-2016		
2017-2021		
2022-2026		
2027-2031		
Total	$ -	$ -

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2007	$	$
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
Total	$ --	$ --

STATE OF LOUISIANA
LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2006
NOT APPLICABLE

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/06	Revised Budget	Variance Postive/(Negative)
Revenues:					
Intergovernmental Revenues	$	$	$ -	$	$ -
Federal Funds			-		-
Sales of Commodities and Services			-		-
Other			-		-
Total appropriated revenues	-	-	-	-	-
Expenses:					
Cost of goods sold	$	$	$ -	$	$ -
Personal services			-		-
Travel			-		-
Operating Services			-		-
Supplies			-		-
Professional services			-		-
Other charges			-		-
Capital outlay			-		-
Interagency transfers			-		-
Debt Service			-		-
Other:			-		-
Bad debts			-		-
Depreciation			-		-
Compensated abscenses			-		-
Interest Expense			-		-
Other (identify)			-		-
Total appropriated expenses	-	-	-	-	-
Excess (deficiency) of revenues over expenses (budget basis)	$ -	$ -	$ -	$ -	$ -

Note : Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature

STATE OF LOUISIANA

LOUISIANA MOTOR VEHICLE COMMISSION

SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES

BUDGETARY COMPARISON OF CURRENT APPROPRIATION

NON-GAAP BASIS

JUNE 30, 2006

NOT APPLICABLE

Excess (deficiency) of revenues over expenses (budget basis)	$
Reconciling items:	
Cash carryover	
Use of money and property (interest income)	
Depreciation	
Compensated absences adjustment	
Capital outlay	
Disposal of fixed assets	
Change in inventory	
Interest expense	
Bad debts expense	
Prepaid expenses	
Principal payment	
Loan Principal Repayments included in Revenue	
Loan Disbursements included in Expenses	
Accounts receivable adjustment	
Accounts payable/estimated liabilities adjustment	
Other	
Change in Net Assets	$ -

Note : Schedule 5 is only applicable for entities whose budget is appropriated by the legislature

STATE OF LOUISIANA

LOUISIANA MOTOR VEHICLE COMMISSION

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than $1 million, explain the reason for the change.

	2006	2005	Difference	Percentage Change
1) Revenues	$ 1,267,357	$ 1,421,694	$ (154,337)	$ 10.9%
Expenses	1,508,591	1,426,823	81,768	5.7%
2) Capital assets	534,110	489,520	44,590	9.1%
Long-term debt	22,789	35,452	(12,663)	35.7%
Net Assets	1,164,479	1,405,713	(241,234)	17.1%

Explanation for change: